

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.

Rulemaking 12-06-013
(Filed June 21, 2012)

**OPENING BRIEF
OF THE OFFICE OF RATEPAYER ADVOCATES ON PUBLIC
UTILITIES CODE SECTION 745 ISSUES**

Pursuant to the October 15, 2015 "Assigned Commissioner and Administrative Law Judge's Scoping Memo and Ruling for Phase Three" ("Phase Three ACR"), the Office of Ratepayer Advocates ("ORA") hereby submits its opening brief on Public Utilities Code Section 745 requirements and definitions.

I. BACKGROUND

The Commission issued the Residential Rate Design Rulemaking Decision (RRD OIR), D.15-07-001 on July 3, 2015 that approved default residential Time of Use ("TOU") rates starting in 2019. This decision also approved opt-in TOU pilots designed to obtain information and experience that would be useful for implementing default TOU rates in 2019. The TOU Pilot Working Group ("WG") was formed in August, and has worked for months on setting up opt-in TOU pilots that will start in summer 2016. As part of this process, the WG considered P.U. Code 745 requirements that need to be satisfied before the introduction of default TOU rates. Some of the definitions of topics such as senior citizens, economically vulnerable customers, and hardship were important for determining the size and structure of the pilots. The ACR was released at a time when the WG had not reached consensus on some of these

issues, but afterwards the WG did reach consensus on issues in a way that would allow the WG to proceed with the pilots.

The Phase Three ACR identifies the scope of issues that the Commission will need to consider in Phase Three of this proceeding in order to meet objectives of Decision (D.)15-07-001.¹ The scope includes “interpretation of Public Utilities Code Section 745 conditions that must be met for implementation of default TOU rates.”² The next section discusses issues that the WG examined in working on the TOU Pilots.

II. DISCUSSION

The interpretation of P.U. Code Section 745 and the process for implementing default TOU consistent with Section 745 has been part of an ongoing TOU Pilot WG. A summary of the Working Group’s analysis and plan for Opt-in TOU pilots, “Time-of-Use Pricing Opt-in Pilot Plan: November, 2015 Draft” was recently issued and work is ongoing. Nexant³ issued a report⁴ that fully discusses the TOU pilots including the Section 745 issues of senior citizens, economically vulnerable customers and hot climate zones, and where the group has reached consensus.

On the issue of senior citizens, the pilots proposed by Nexant will provide sufficient information to examine the impact on seniors based on the definitions as “seniors who are head of a household” and “households where a senior resides”. On this issue, it would be useful to examine the TOU pilots and see if different behavior is exhibited from these slightly different groups.

¹ ACR, p.3.

² Id.

³ Nexant, Inc. was hired by the IOUs as independent consultants to assist with TOU pilot design, and is part of the Working Group.

⁴ Nexant submitted a long report of the TOU Pilot Working Group, entitled Time-of-Use Pricing Opt-in Pilot Plan on December 17, 2015.

On the issue of economically vulnerable customers, most of the WG members viewed these customers as CARE⁵ or FERA⁶ customers. The Pilot sample will also include income information over a number of ranges measured against the standard of the Federal Poverty Guideline. Thus customer behavior can be examined for different levels of low income customers.

There was not total consensus on what would constitute a hardship for customers, but parties focused on the traditional measures of evaluating bill impacts. Parties will consider the energy burden, percentage of bill increase, and actual dollar amount of bill increase when evaluating the TOU pilots. Surveys are an important part of the pilots, and the WG intends to get more information regarding hardships from the surveys. The surveys could "...more directly measure potential hardship through questions about behavioral changes that were made in response to high peak period prices (e.g., Did you turn off your air conditioning on hot summer days?), about discomfort on hot summer days, about tradeoffs that might be made in purchases of food and other necessities because of high electricity bills, etc."⁷ ORA thus recommends that the TOU pilots and surveys be examined before deciding on a final definition of hardship.

There was general consensus of WG members that hot climate zones and areas with hot summer weather could be regarded as the same thing.

III. CONCLUSION

Nexant, Energy Division staff, and the rest of the WG have worked diligently to design opt-in TOU pilots starting in the summer of 2016. The P.U. Code Section 745 conditions are important for the implementation of default TOU rates in 2019, but it is also important that debates on various terms in P.U. Code should not impede timely

⁵ CARE is California Alternate Rates for Energy for low income customers. Qualified customers would receive a 30 to 35 percent discount on their electric bills.

⁶ FERA is a Family Electric Rate Assistance program, which is for families whose household income slightly exceeds the low-income energy program allowances. Qualified FERA customers will receive some of their electricity usage at a lower rate.

⁷ Nexant Workshop report, p.42.

implementation of the 2016 pilots. The WG has been practical and has found ways to conduct the pilots considering both definitions of senior citizens. The pilots will be able to examine the impacts on CARE and FERA customers as well as many other ranges of income. There is consensus on the definition of hot climate zone. The survey from the pilot should be used to continue to examine what would constitute a hardship for customers.

Respectfully submitted,

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